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CLERK, U.S. DISTRICT COURT	
4/29/2022	
CENTRAL DISTRICT OF CALIFORNIA	
BY: _____	VAM
DEPUTY	

UNITED STATES DISTRICT COURT
FOR THE CENTRAL DISTRICT OF CALIFORNIA

March 2022 Grand Jury

UNITED STATES OF AMERICA,

CR 2:22-cr-00175-DSF

Plaintiff,

I N D I C T M E N T

v.

[15 U.S.C. §§ 78j(b), 78ff and 17 C.F.R. § 240.10b-5: Securities Fraud; 18 U.S.C. § 1343: Wire Fraud; 18 U.S.C. § 1956(a)(1)(B)(i): Concealment Money Laundering; 18 U.S.C. § 1028A(a)(1): Aggravated Identity Theft; 18 U.S.C. §§ 981(a)(1)(C), 982, 1028 and 28 U.S.C. § 2461(c): Criminal Forfeiture]

DAVID JOSEPH BUNEVACZ,

Defendant.

The Grand Jury charges:

COUNT ONE

[15 U.S.C. §§ 78j(b), 78ff; 17 C.F.R. § 240.10b-5]

A. INTRODUCTORY ALLEGATIONS

At times relevant to this Indictment:

1. Defendant DAVID JOSEPH BUNEVACZ was a resident of Calabasas, California.

2. Defendant BUNEVACZ controlled various business entities that he represented were involved in the cannabis industry, including Holy Smokes Holdings LLC and Caesarbrutus LLC, Nevada limited

1 liability companies, and CB Holding Group Corp., a Nevada corporation
2 (collectively, the "BUNEVACZ Cannabis Companies"). Defendant
3 BUNEVACZ's stepdaughter was the sole officer listed for both
4 Caesarbrutus LLC and CB Holding Group Corp., and an associate of
5 defendant BUNEVACZ's was the sole officer listed for Holy Smokes
6 Holdings LLC.

7 3. In connection with the purported financing of the BUNEVACZ
8 Cannabis Companies, defendant BUNEVACZ caused the issuance of senior
9 secured promissory notes and other investment agreements that
10 constituted "securities" within the meaning of the Securities
11 Exchange Act of 1934.

12 B. THE SCHEME TO DEFRAUD

13 4. Beginning no later than in or about 2010, and continuing
14 through at least on or about April 5, 2022, in Los Angeles County,
15 within the Central District of California, and elsewhere, defendant
16 BUNEVACZ, knowingly and willfully, directly and indirectly, by the
17 use of the means and instrumentalities of interstate commerce and the
18 mails, in connection with the purchase and sale of securities, used
19 and employed manipulative and deceptive devices and contrivances by:
20 (1) employing a scheme to defraud; (2) making untrue statements of
21 material facts and omitting to state material facts necessary in
22 order to make the statements made, in light of the circumstances
23 under which they were made, not misleading; and (3) engaging in acts,
24 practices, and courses of business which operated and would operate
25 as a fraud and deceit upon purchasers and prospective purchasers of
26 securities (the "victim-investors"), by causing materially false and
27 fraudulent statements and material omissions to be made to the

1 victim-investors about defendant BUNEVACZ's use of victim-investors'
2 investments.

3 5. The scheme to defraud operated, in substance, as follows:

4 a. Defendant BUNEVACZ solicited investments from the
5 victim-investors by offering to sell them securities issued by the
6 BUNEVACZ Cannabis Companies.

7 b. Defendant BUNEVACZ falsely and misleadingly
8 represented to victim-investors that he and his stepdaughter had
9 extensive experience in the cannabis industry and that the BUNEVACZ
10 Cannabis Companies were in the business of selling vape pens
11 containing cannabis products such as cannabidiol (also known as CBD)
12 and tetrahydrocannabinol (also known as THC). In fact, as defendant
13 BUNEVACZ knew, the BUNEVACZ Cannabis Companies were sham businesses
14 that conducted little if any business activity related to the sale of
15 vape pens containing cannabis products.

16 c. Defendant BUNEVACZ also represented, promised, and
17 maintained the pretense that funds from victim-investors would be
18 used to finance business activities of the BUNEVACZ Cannabis
19 Companies, such as the acquisition of raw materials used to
20 manufacture cannabis vape pens. In reality, defendant BUNEVACZ used
21 the majority of funds from victim-investors to finance his own lavish
22 lifestyle and that of his family.

23 d. Defendant BUNEVACZ engaged in a variety of conduct
24 intended to deceive the victim-investors as to the legitimacy of the
25 BUNEVACZ Cannabis Companies and the security of any investments in
26 them, and to induce those victim-investors to invest and maintain
27 their investments with him. For example:

1 i. Defendant BUNEVACZ caused the registration of
2 additional business entities with state agencies (the "Shell
3 Companies") and caused bank accounts to be opened in the names of the
4 BUNEVACZ Cannabis Companies and the Shell Companies (the "Funnel
5 Accounts"). For many of the Shell Companies, defendant BUNEVACZ
6 selected names such as "Grenco Science, Inc." and "SaveurVape LLC"
7 that were intentionally similar or identical to the names of real
8 businesses, particularly businesses operating in the cannabis space,
9 in order to lend the appearance of legitimate business activities to
10 the BUNEVACZ Cannabis Companies.

25 e. To ensure victim-investors were not discouraged from
26 investing in the BUNEVACZ Cannabis Companies, defendant BUNEVACZ made
27 misrepresentations and concealed material facts about his background.
28 For example:

i. Defendant BUNEVACZ concealed that he had been convicted of a felony offense in 2017, namely, Unlawful Sale of a Security, in violation of California Corporation Code, Sections 25110 and 25540(a).

ii. Defendant BUNEVACZ also sent at least one victim-investor a falsified version of a settlement agreement reached with the victim of a prior fraud scheme in which defendant BUNEVACZ engaged in order to make it appear that the prior victim had agreed to pay defendant BUNEVACZ to resolve the lawsuit, when in fact, defendant BUNEVACZ had agreed to pay the prior victim to resolve the lawsuit.

f. Defendant BUNEVACZ caused the victim-investors to provide investment funds through various means, including interstate and foreign wire transfers to the Funnel Accounts.

g. To lull the victim-investors into maintaining their investments and discourage them from taking legal action against him or the BUNEVACZ Cannabis Companies, defendant BUNEVACZ used funds from victim-investors to refund some prior victim-investors.

6. In executing the fraudulent scheme described above, defendant BUNEVACZ, operating through the BUNEVACZ Cannabis Companies, raised between approximately \$37,166,737 and \$45,068,227 from the victim-investors and caused losses between approximately \$28,409,112 and \$35,222,932.

C. EXECUTION OF THE FRAUDULENT SCHEME

7. On or about February 5, 2019, within the Central District of California, and elsewhere, for the purpose of executing the scheme to defraud described above, and in furtherance of the manipulative and deceptive devices described above, defendant BUNEVACZ directly

1 and indirectly caused the use of a means and instrumentality of
2 interstate and foreign commerce in connection with the purchase and
3 sale of securities, namely, the transfer of approximately \$800,000
4 from victim-investor I.C., by means of interstate wire transfers, to
5 a Wells Fargo Bank account in the name of CB Holding Group Corp. in
6 connection with a senior secured promissory note.

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1 COUNT TWO

2 [18 U.S.C. § 1343]

3 8. The Grand Jury incorporates paragraphs 1 through 3 and 5
4 through 7 of this Indictment here.

5 A. THE SCHEME TO DEFRAUD

6 9. Beginning on a date unknown, but no later than in or about
7 2010, and continuing through at least on or about April 5, 2022, in
8 Los Angeles County, within the Central District of California, and
9 elsewhere, defendant BUNEVACZ, knowingly and with the intent to
10 defraud, devised, participated in, and executed a scheme to defraud
11 victim-investors as to material matters, and to obtain money and
12 property by means of material false and fraudulent pretenses,
13 representations, promises, and the concealment of material facts.

14 10. The scheme to defraud operated, in substance, as described
15 in paragraphs 5 and 6 of this Indictment.

16 B. USE OF INTERSTATE AND FOREIGN WIRES

17 11. On or about October 28, 2018, in Los Angeles County, within
18 the Central District of California, and elsewhere, for the purpose of
19 executing the scheme to defraud described above, defendant BUNEVACZ
20 transmitted
21 and caused the transmission by means of wire communication in
22 interstate and foreign commerce of an email attaching a purported
23 settlement agreement and mutual general release between defendant
24 BUNEVACZ and victims G.H. and A.S., Inc., from the United States to
25 Canada.

1 COUNT THREE

2 [18 U.S.C. §§ 1956(a)(1)(B)(i), 2(b)]

3 12. The Grand Jury incorporates paragraphs 1 through 3 and 5
4 through 7 of this Indictment here.

5 13. On or about February 6, 2019, in Los Angeles County, within
6 the Central District of California, and elsewhere, defendant BUNEVACZ
7 knowingly conducted, and willfully caused others to conduct, a
8 financial transaction, namely, the transfer of \$20,000 from a Bank of
9 America account in the name of CB Holding Group Corp. to a Wells
10 Fargo Bank account in the name of Greenco Science, Inc., knowing that
11 the property involved in the transaction represented the proceeds of
12 some form of unlawful activity, and which property was, in fact, the
13 proceeds of specified unlawful activity, namely, Securities Fraud, in
14 violation of Title 15, United States Code, Sections 78j(b), 78ff and
15 17 C.F.R. § 240.10b-5, knowing that the transaction was designed in
16 whole or in part to conceal and disguise the nature, location,
17 source, ownership, and control of such proceeds.

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1 COUNT FOUR

2 [18 U.S.C. § 1028A(a)(1)]

3 14. On or about October 28, 2018, in Los Angeles County, within
4 the Central District of California, and elsewhere, defendant DAVID
5 JOSEPH BUNEVACZ knowingly possessed, transferred, and used, without
6 lawful authority, means of identification that defendant BUNEVACZ
7 knew belonged to other persons, that is, the names and signatures of
8 victims G.H. and F.M., during and in relation to the offense of Wire
9 Fraud, a felony violation of Title 18, United States Code,
10 Section 1343, as charged in Count Two of this Indictment.

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1 FORFEITURE ALLEGATION ONE

2 [18 U.S.C. § 981(a)(1)(C); 28 U.S.C. § 2461(c)]

3 15. Pursuant to Rule 32.2 of the Federal Rules of Criminal
4 Procedure, notice is hereby given that the United States of America
5 will seek forfeiture as part of any sentence, pursuant to Title 18,
6 United States Code, Section 981(a)(1)(C) and Title 28, United States
7 Code, Section 2461(c), in the event of the conviction of defendant
8 DAVID JOSEPH BUNEVACZ of the offenses set forth in any of Counts One
9 or Two of this Indictment.

10 16. Defendant BUNEVACZ, if so convicted, shall forfeit to the
11 United States of America the following:

12 a. All right, title, and interest in any and all
13 property, real or personal, constituting, or derived from, any
14 proceeds traceable to the offense; and

15 b. To the extent such property is not available for
16 forfeiture, a sum of money equal to the total value of the property
17 described in subparagraph (a).

18 17. Pursuant to Title 18, United States Code, Section
19 981(a)(1)(C), as incorporated by Title 28, United States Code,
20 Section 2461(c), if so convicted, defendant BUNEVACZ shall forfeit
21 substitute property, up to the total value of the property described
22 in the preceding paragraph if, as the result of any act or omission
23 of defendant BUNEVACZ, the property described in the preceding
24 paragraph, or any portion thereof: (a) cannot be located upon the
25 exercise of due diligence; (b) has been transferred, sold to or
26 deposited with a third party; (c) has been placed beyond the
27 jurisdiction of the Court; (d) has been substantially diminished in

1 value; or (e) has been commingled with other property that cannot be
2 divided without difficulty.

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1 FORFEITURE ALLEGATION TWO

2 [18 U.S.C. § 982(a)(1), (2)(A)]

3 18. Pursuant to Rule 32.2 of the Federal Rules of Criminal
4 Procedure, notice is hereby given that the United States of America
5 will seek forfeiture as part of any sentence, in accordance with
6 Title 18, United States Code, Sections 982(a)(1), in the event of
7 defendant DAVID JOSEPH BUNEVACZ's conviction on Count Three of this
8 Indictment.

9 19. Defendant BUNEVACZ, if so convicted, shall forfeit to the
10 United States of America the following:

11 a. All right, title, and interest in any and all
12 property, real or personal, constituting, or derived from, any
13 proceeds traceable to the offense; and

14 b. To the extent such property is not available for
15 forfeiture, a sum of money equal to the total value of the property
16 described in subparagraph (a).

17 20. Pursuant to Title 21, United States Code, Section 853(p),
18 as incorporated by Title 18, United States Code, Section 982(b),
19 defendant BUNEVACZ shall forfeit substitute property, up to the total
20 value of the property described in the preceding paragraph if, as the
21 result of any act or omission of a defendant, the property described
22 in the preceding paragraph, or any portion thereof (a) cannot be
23 located upon the exercise of due diligence; (b) has been transferred,
24 sold to, or deposited with a third party; (c) has been placed beyond
25 the jurisdiction of the court; (d) has been substantially diminished
26 in value; or (e) has been commingled with other property that cannot
27 be divided without difficulty.

1 FORFEITURE ALLEGATION THREE

2 [18 U.S.C. §§ 982, 1028]

3 21. Pursuant to Rule 32.2 of the Federal Rules of Criminal
4 Procedure, notice is hereby given that the United States of America
5 will seek forfeiture as part of any sentence, pursuant to Title 18,
6 United States Code, Sections 982 and 1028, in the event of defendant
7 DAVID JOSEPH BUNEVACZ's conviction on Count Four of this Indictment.

8 22. Defendant BUNEVACZ, if so convicted, shall forfeit to the
9 United States of America the following:

10 a. All right, title and interest in any and all property,
11 real or personal, constituting, or derived from, any proceeds
12 obtained, directly or indirectly, as a result of the offense;

13 b. Any personal property used or intended to be used to
14 commit the offense; and

15 c. To the extent such property is not available for
16 forfeiture, a sum of money equal to the total value of the property
17 described in subparagraphs (a) and (b).

18 23. Pursuant to Title 21, United States Code, Section 853(p),
19 as incorporated by Title 18, United States Code, Sections 982(b) and
20 1028(g), defendant BUNEVACZ, if so convicted, shall forfeit
21 substitute property, up to the total value of the property described
22 in the preceding paragraph if, as the result of any act or omission
23 of defendant BUNEVACZ, the property described in the preceding
24 paragraph, or any portion thereof: (a) cannot be located upon the
25 exercise of due diligence; (b) has been transferred, sold to or
deposited with a third party; (c) has been placed beyond the
jurisdiction of the court; (d) has been substantially diminished in

1 value; or (e) has been commingled with other property that cannot be
2 divided without difficulty.

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4 A TRUE BILL

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6 /S/
7 Foreperson

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9 TRACY L. WILKISON
10 United States Attorney



11 SCOTT M. GARRINGER
12 Assistant United States Attorney
13 Chief, Criminal Division

14 KRISTEN A. WILLIAMS
15 Assistant United States Attorney
16 Acting Chief, Major Frauds Section

17 ALEXANDER B. SCHWAB
18 Assistant United States Attorney
19 Deputy Chief, Major Frauds Section

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